

WASHINGTON D.C. — Rep. Tim Walz announced today that he will vote in favor of health care reform that ensures Minnesota families have access to stable, affordable health insurance. H.R. 3962, the Affordable Health Care for America Act, includes a Mayo-backed provision that rewards Minnesota doctors and hospitals for innovation, results, and quality care and provides businesses with an avenue for providing affordable insurance that ensures a healthier workforce.

“I hope tomorrow will be a victory for Minnesota families who will finally have stable, affordable coverage they can count on,” Walz said. “Parents will not only have more affordable and better quality coverage for their kids, but thanks to these reforms, they’ll now be able to help their children get a start in the world by keeping them on the family insurance plan as long as their 27th birthday. In this economy, that’s a big deal for a young person who is fighting for their first job or to pay for college.”

Walz continued, “I’m voting for this bill because it solves two long-standing problems with how Medicare pays Minnesota doctors and hospitals. The first change ends the fee-for-service payment model in Medicare that Mayo and other experts have said perversely encourages hospitals to perform unnecessary procedures and tests. It instead creates a new pay-for-results method that will be based upon data and developed by the experts at the non-partisan Institute of Medicine. This Mayo-backed change is patient-centered and will reward innovation, results and quality care. The second change corrects the bone-headed fact that Medicare historically under-pays Minnesota doctors and hospitals simply because of geography, -- simply because of where we live. This will help deliver better care for our seniors.”

Over the past several months, Rep. Walz has been an active member of the House “Quality Care Coalition” which is comprised of House members advocating for reform of the Medicare payment system so that it would pay for results and reward and incentivize “high-quality, low cost care”. In October, Walz announced that the coalition had been able to secure a deal with House Leadership to include these reforms in the overall health reform bill.

The deal requires the independent Institute of Medicine (IOM) to recommend and then the Secretary of Health and Human Services to implement two fixes for health care providers in the Medicare reimbursement system:

The geographic disparities fix: addresses geographic disparities in the Medicare reimbursement formula which cause some doctors to receive higher reimbursements for Medicare patients strictly because of location.

The pay for results fix: it makes recommendations to reform Medicare to pay doctors and hospitals based on their success in making patients well, rather than on the quantity of tests, office visits and other services they provide. This is essential to cut costs and because Medicare will incentivize doctors to provide these higher quality, lower cost services it will help

seniors get well faster and stay well longer. The deal implements the findings of this IOM review through an automatic process unless a supermajority of the Congress moves to block implementation. There is immense political pressure from Members whose states benefit from these inequities to prevent these changes. This deal makes the changes data-driven and ensures that a few powerful members can't block needed reform without the consent of two thirds of their colleagues.

Last year, the world-renowned Mayo Clinic lost \$840 Million by serving Medicare patients because of this broken reimbursement formula. At the same time, as much as 30% of health care costs are wasteful and do not make a difference in the health of patients.

This past June, Congressman Walz and the rest of the Minnesota delegation sent a joint letter to President Obama that highlighted how Minnesota's hospitals, doctors and patients are being punished for delivering low-cost, high-quality care in our current Medicare reimbursement system and asked the President to help fix this inequity in any health reform legislation.

HR 3962 also makes unprecedented reforms to the health insurance industry in order to expand protections for consumers and employers. It provides overdue transparency and accountability by ending health insurance companies' blanket exemption from anti-trust laws. Firms will no longer be shielded from liability for price-fixing or monopolizing and will have to follow new transparency requirements when increasing premiums.

It goes further to protect consumers by making it illegal to deny coverage for pre-existing conditions or charging more based on gender, occupation, or health status. It also caps annual out-of-pocket expenses and prohibits unfair limits on benefits to ensure no American goes bankrupt because of illness. And, it allows individuals up to the age of 27 to stay on their parents' insurance plan.

Walz said he decided to vote in favor of the legislation after he heard from many southern Minnesotans who urged him to support this legislation that would provide stability and security in their health insurance and from Minnesota doctors and hospitals who supported the “high-quality, low cost” provisions he fought for with his colleagues in the Quality Care Coalition.

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